

## Housing Unit Sales and Pricing in Maryland, 2002 – 2009<sup>1</sup>

The number of homes sold in Maryland declined by 65 percent from 2005 to 2009, reversing a historic increase in both sales and prices. This decline was seen in all areas of Maryland, though some areas were affected more than others. While home sales have declined significantly, the statewide median home price has only declined 11 percent. Like home sales numbers, some areas have seen greater price declines than others. While decreasing home prices have had a negative effect on the wealth of homeowners, they have made housing more affordable for home buyers.

Regionally, Howard County saw a 53.6 percent decline in housing unit sales from 2005 to 2009, making it the best-performing jurisdiction after the housing sales peak, while Washington County saw an 81.5 percent decline, making it the worst-performing. Regional price trends differ as well, as Baltimore City and Allegany County have both had increasing median home prices since their sales number peaks while Dorchester County has seen a 27.3 percent decline in its median sales price. Affordability was also spread unevenly throughout the State, as housing units located outside of Maryland's Priority Funding Areas (PFAs) were found to be much more expensive (and unaffordable) than those located inside.

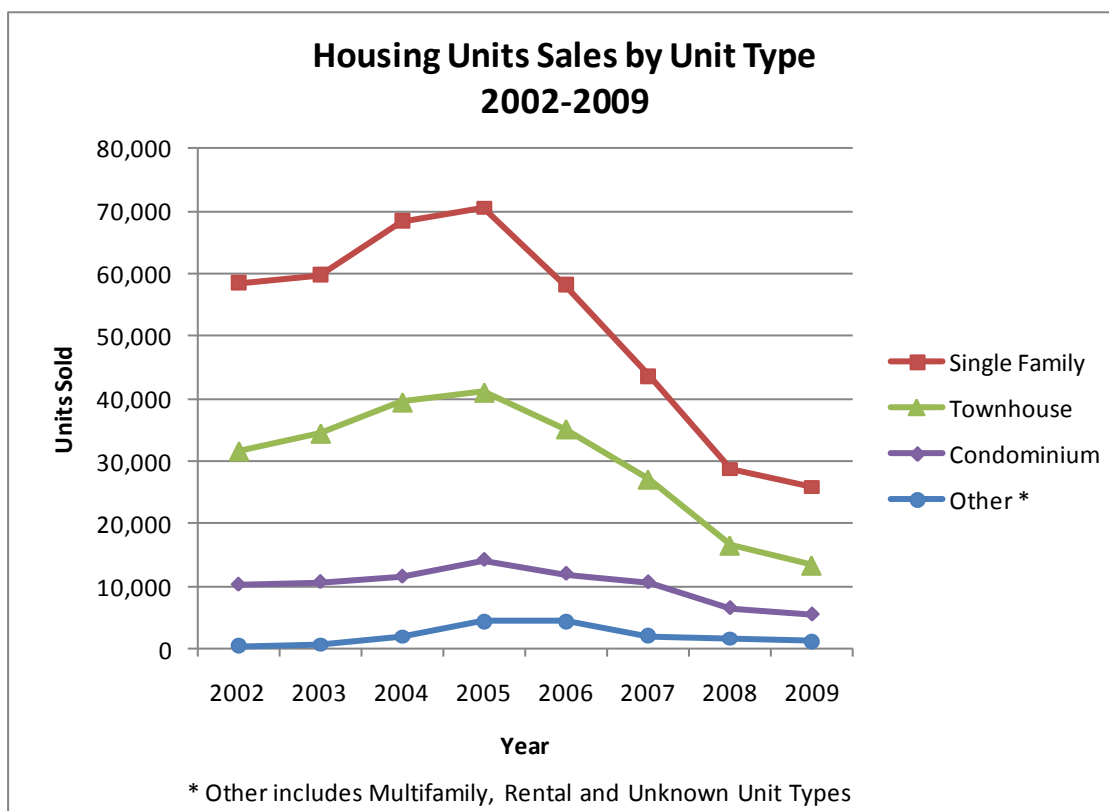
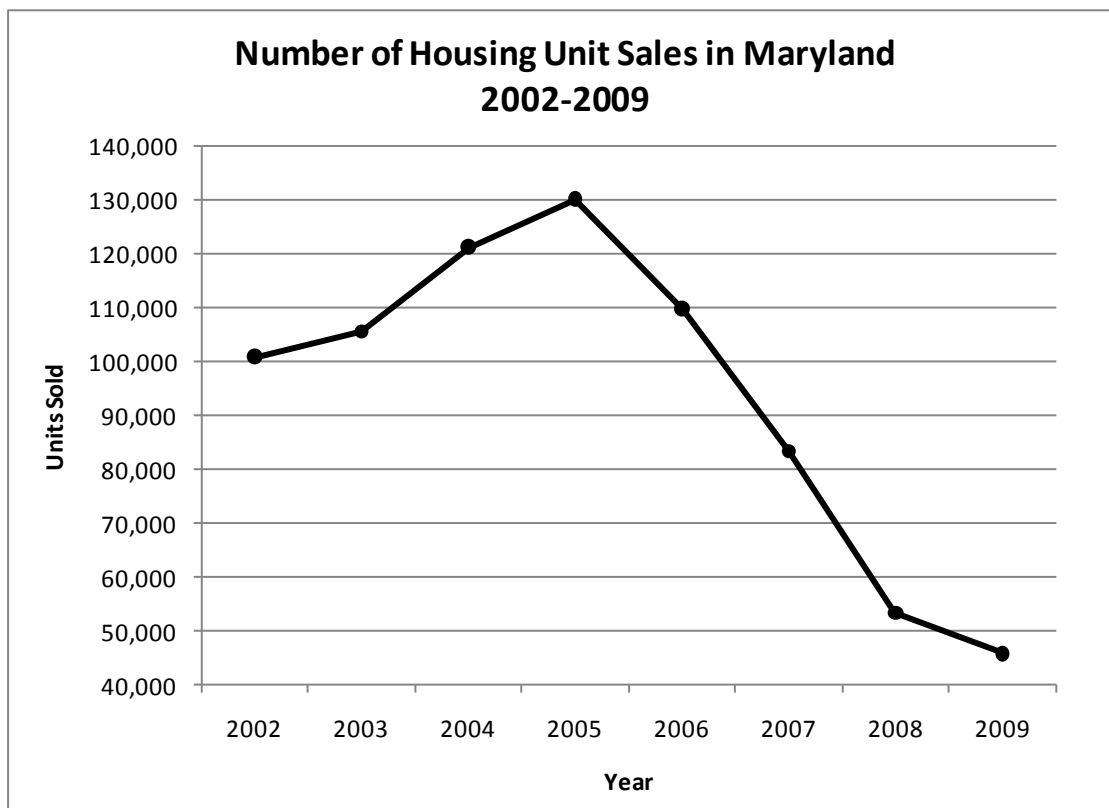
### Maryland Sees Drop in Sales of All Home Types

Housing unit sales in Maryland have slowed significantly since their peak in 2005. Overall sales grew from 100,945 in 2002 to 130,277 in 2005, an increase of 29.1 percent. Once local and national housing markets started showing weakness in 2006, housing sales began to decline, and by the end of 2009 the number of housing unit sales in Maryland had dropped to 45,849, 54.6 percent fewer than in 2002 and 64.8 percent fewer than the 2005 peak.

Each type of housing unit in Maryland has seen decreases in sales volume after the 2005 peak. Single family detached housing saw the largest numerical decrease in sales, from 70,581 in 2005 to 25,908 in 2009, a decline of 63.3 percent. Other housing unit types saw significant sales decreases as well, with townhouse sales decreasing to 13,348 from 41,115 units (a 67.5 percent decrease) and condominium sales decreasing to 5,423 from 14,195 units (a 61.8 percent decrease). Together, single-family, townhouse, and condominium units made up 97.5 percent of all housing unit sales in Maryland in 2009.

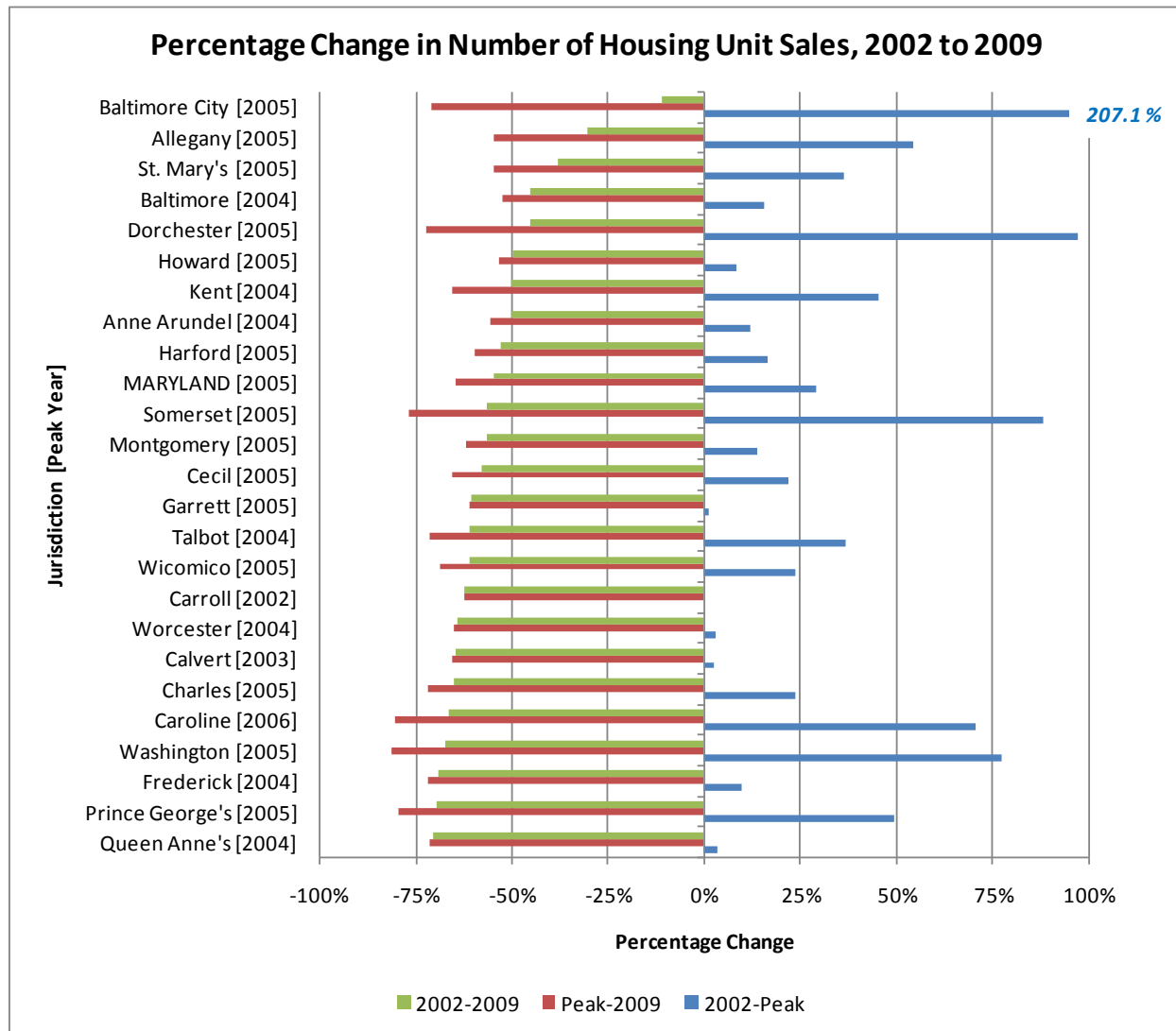
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<sup>1</sup> These sales data are derived from the *MdProperty View* Sales Database ([http://www.mdp.state.md.us/tax\\_mos.htm](http://www.mdp.state.md.us/tax_mos.htm)), the source of which are the sales files from the Maryland State Department of Assessments and Taxation (<http://www.dat.state.md.us>). The universe of sales includes all arms-length transactions and covers both new and existing housing units. For more information, see the methodology description for the year in question: [2002-2004](#), [2005](#), [2006](#), [2007](#), [2008](#), and [2009](#). *MdProperty View*, first developed by the Maryland Department of Planning (MDP) in 1996 and now in its twelfth edition, is an electronic, CD-ROM based GIS (Geographic Information System) tool for accessing information on Maryland's 2.2 million land parcels referenced spatially via x,y points to their location on property maps that can be viewed with other map layers such as State Highway Administration roads.



## Home Sales Slow in Most Jurisdictions <sup>2</sup>

While most jurisdictions saw home sales peak in 2005, many (like Kent and Baltimore counties) peaked earlier, while sales in Caroline peaked one year later. Housing unit sales were lower in 2009 than they were in 2002 in all of Maryland's jurisdictions. Baltimore City saw the largest increase in sales volume in Maryland (207.1 percent) from 2002 to 2005, though sales volume decreased significantly between 2005 and 2009, and the number of units sold in 2009 was 11 percent less than in 2002. Even with this fall, the City has the best 2002-2009 sales performance of any jurisdiction in Maryland.



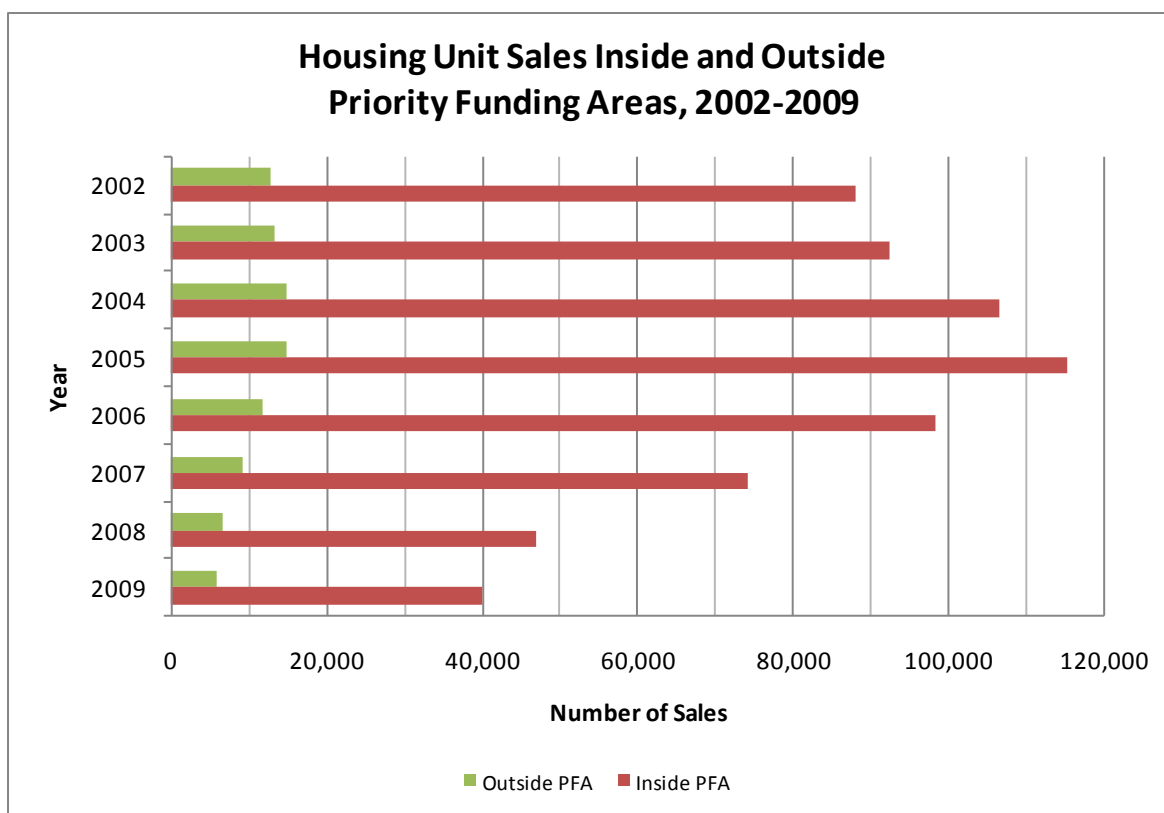
The lowest performing jurisdiction was Queen Anne's County, which saw a small increase in sales from 2002 to its sales peak in 2004 but suffered a large decline from then until 2009. Other jurisdictions, like Washington, saw both large increases in sales (77.1%) up to the 2005 peak and large decreases (-81.5%) afterwards, totalling to an overall sales decline of -67.2 percent from 2002 to 2009.

<sup>2</sup> Data in this section was corrected on January 21, 2011 from a previous version of this report.

Taken as a group, the four inner suburban jurisdictions of Montgomery, Prince George's, Baltimore, and Anne Arundel peaked in 2005 and have all seen large post-peak declines and overall sales declines since 2002. These jurisdictions accounted for 54.6 percent of all housing sales (25,046 sales in 2009) and 50.9 percent of the State's decline in sales from 2005 to 2009, or a total of 42,994 fewer sales.

### Percentage and Number of Homes Sold Outside Priority Funding Areas Declines

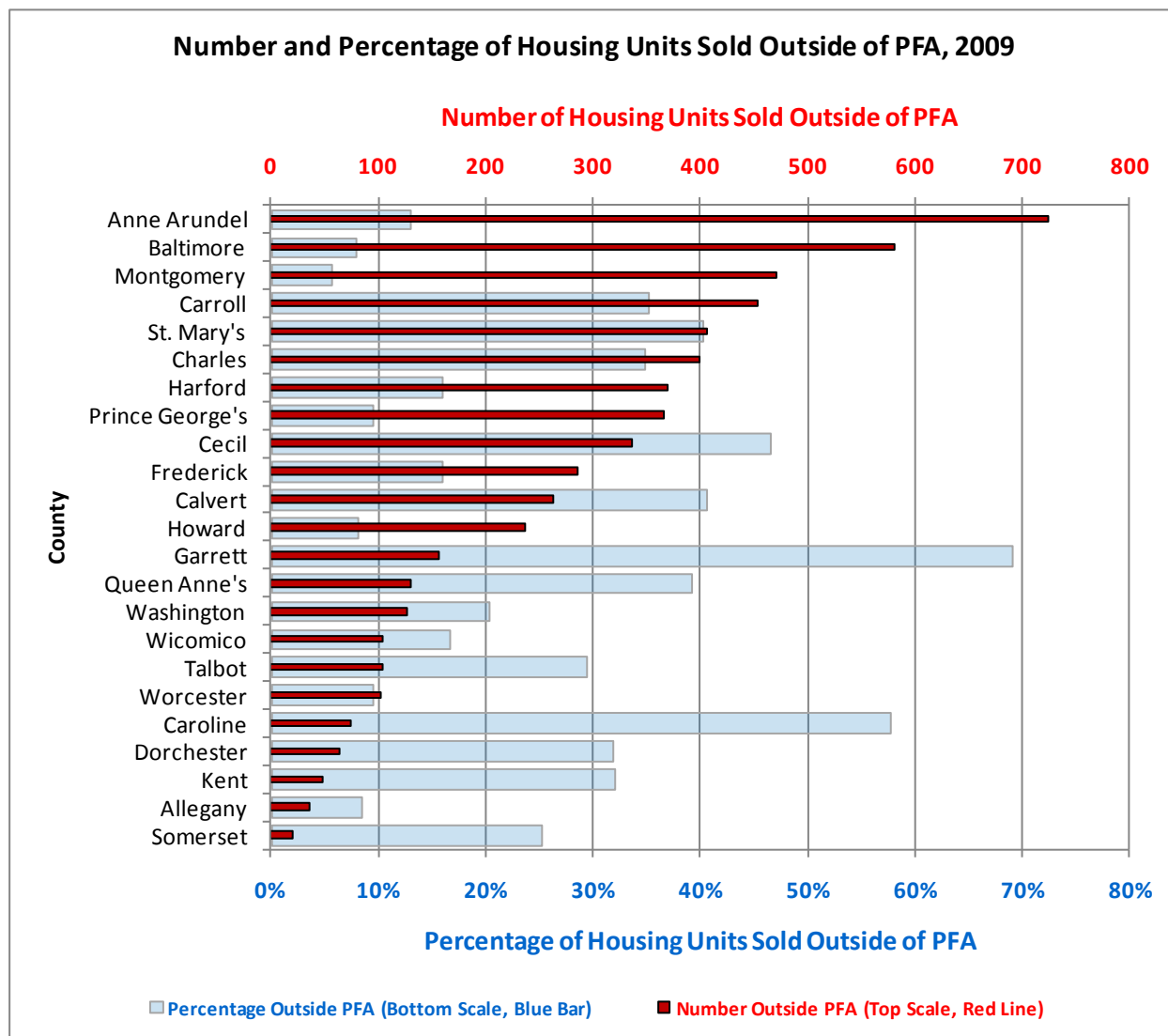
Overall, the vast majority of housing units sold in Maryland are located within Priority Funding Areas, which are "existing communities and places where local governments want State investment to support future growth."<sup>3</sup> From 2002 to 2006, the percentage of housing units sold that are located outside PFAs decreased from 12.7 to 10.6 percent, but since then has climbed back to 12.8 percent. The number of sales outside the PFA is at its lowest point since 2002 at only 5,859 units. As with overall housing unit sales, the number of units sold outside of PFAs peaked in 2005 at 14,933 units or 11.5 percent of all units.



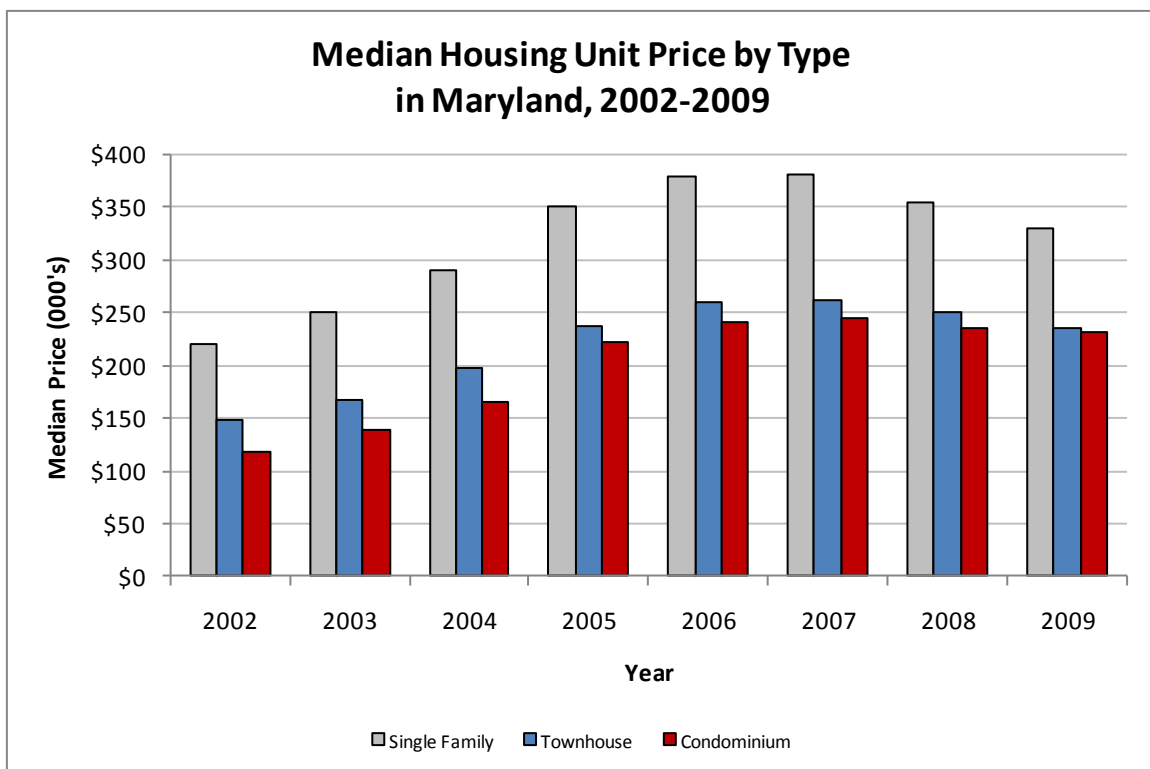
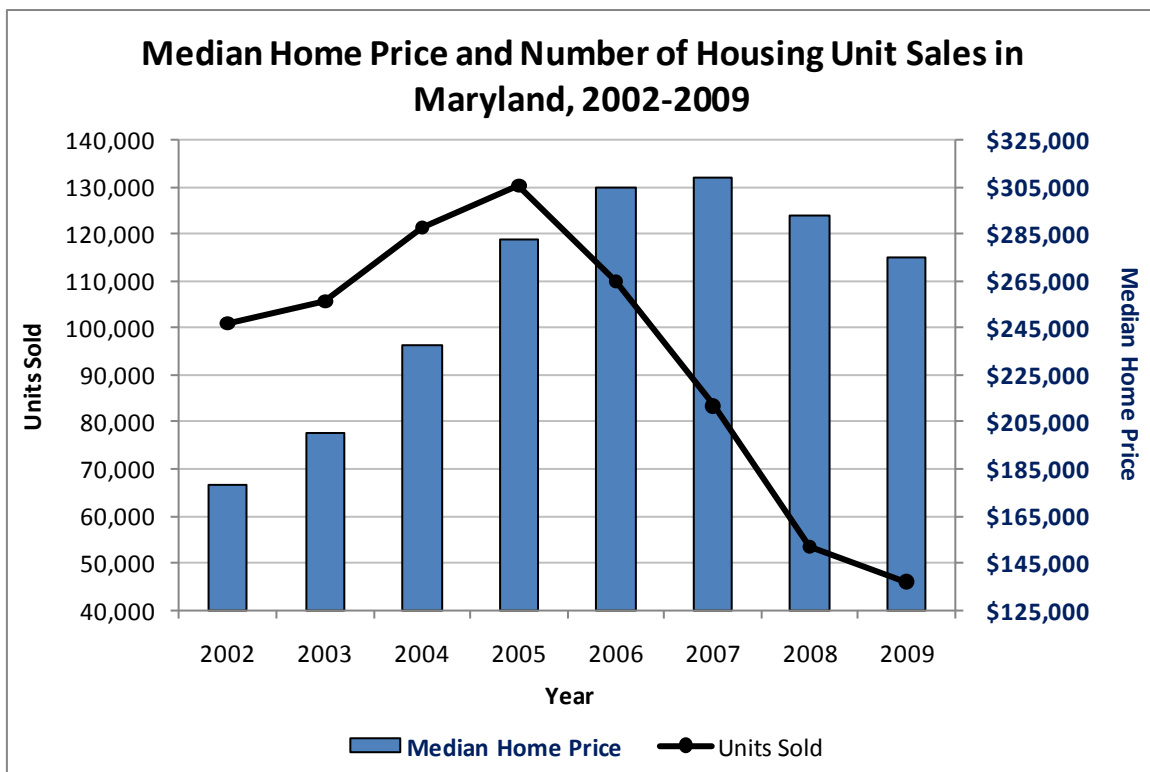
There was great variation between jurisdictions in the percentage of homes sold outside the PFAs in each of Maryland's jurisdictions in 2009, from a low of zero percent in Baltimore City (as the entire City is considered a PFA) to a high of 69.2 percent in Garrett County. However, these variations in share must be viewed in conjunction with the total number of sales to give an accurate picture of sales activity inside and outside of the State's PFAs. For example, though only 13.0 percent of housing unit sales in Anne Arundel County occurred outside of its PFA, this represented 725 units, the highest number of

<sup>3</sup> <http://mdpgis.mdp.state.md.us/pfa/pfa.htm>

units sold outside a PFA in any Maryland jurisdiction. As for Garret County, only 157 units were sold outside its PFA in 2009 out of 227 total sales, the fifth-lowest total sales volume of any jurisdiction in Maryland.



Generally, rural jurisdictions have higher percentages of sales outside of PFAs, while more urbanized jurisdictions have lower percentages. Numerically, the four inner suburban jurisdictions account for 36.6 percent (2,143 units) of all housing unit sales outside of the State's PFAs even though only 8.6 percent of the total units sold in these jurisdictions were outside their respective PFAs.

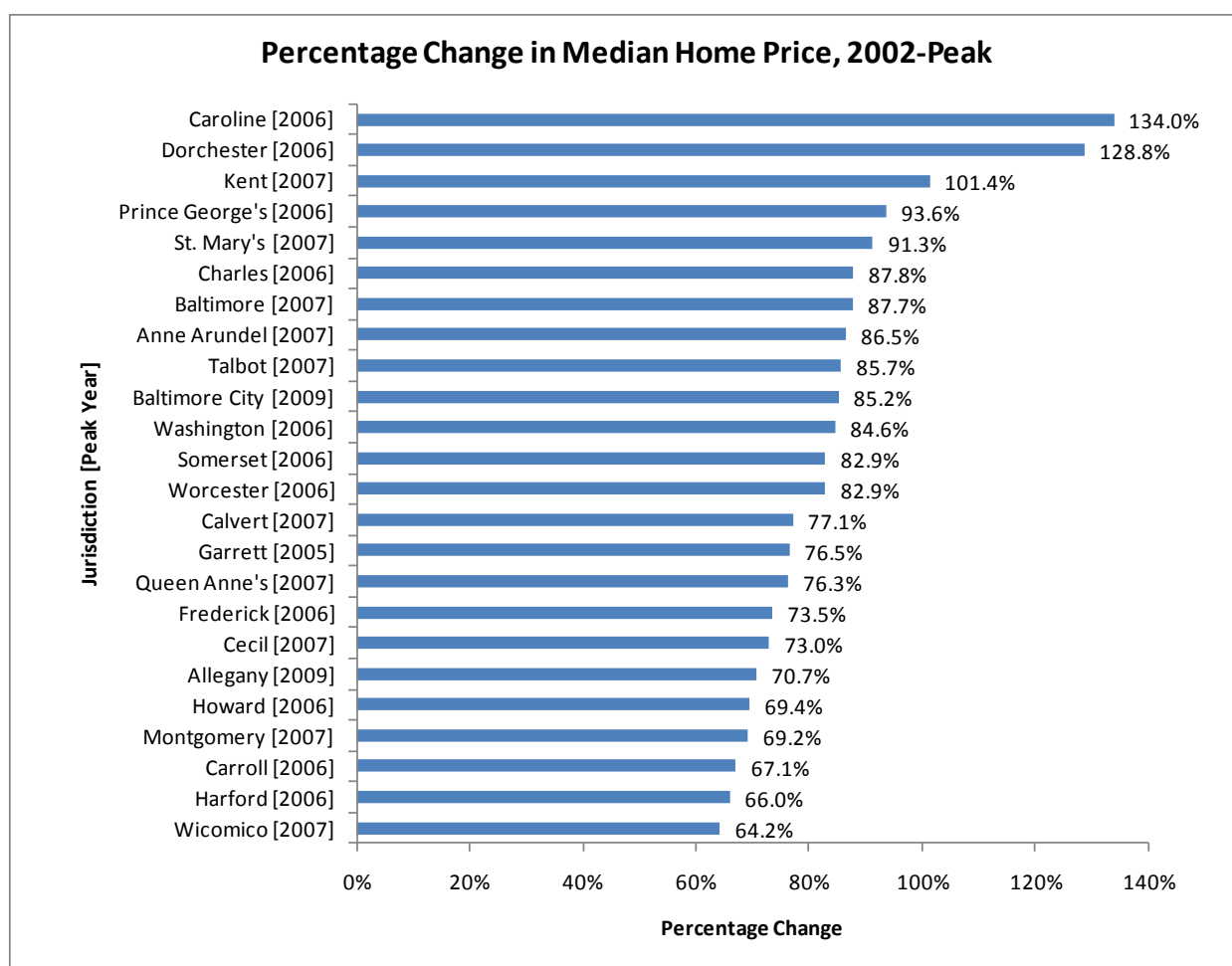


#### As Home Sales Plummet, Median Prices Suffer Only Modest Declines

Not surprisingly, the median price of a housing unit in Maryland has declined in conjunction with decreasing sales, though this decline lagged the sales decrease by three years. Also not surprisingly, at

least from the standpoint of housing researchers, the decline in price has been much smaller than the decline in sales. This phenomenon is known as “downward stickiness,” meaning that even in economic downturns housing prices tend not to decrease.<sup>4</sup> This is due to multiple factors such as the amount of mortgage debt that a homeowner may be responsible for, the desire to obtain a similar purchase price as a similar home obtained the year before, or the simple patience of a homeowner who is willing to wait for demand to return before selling their home.

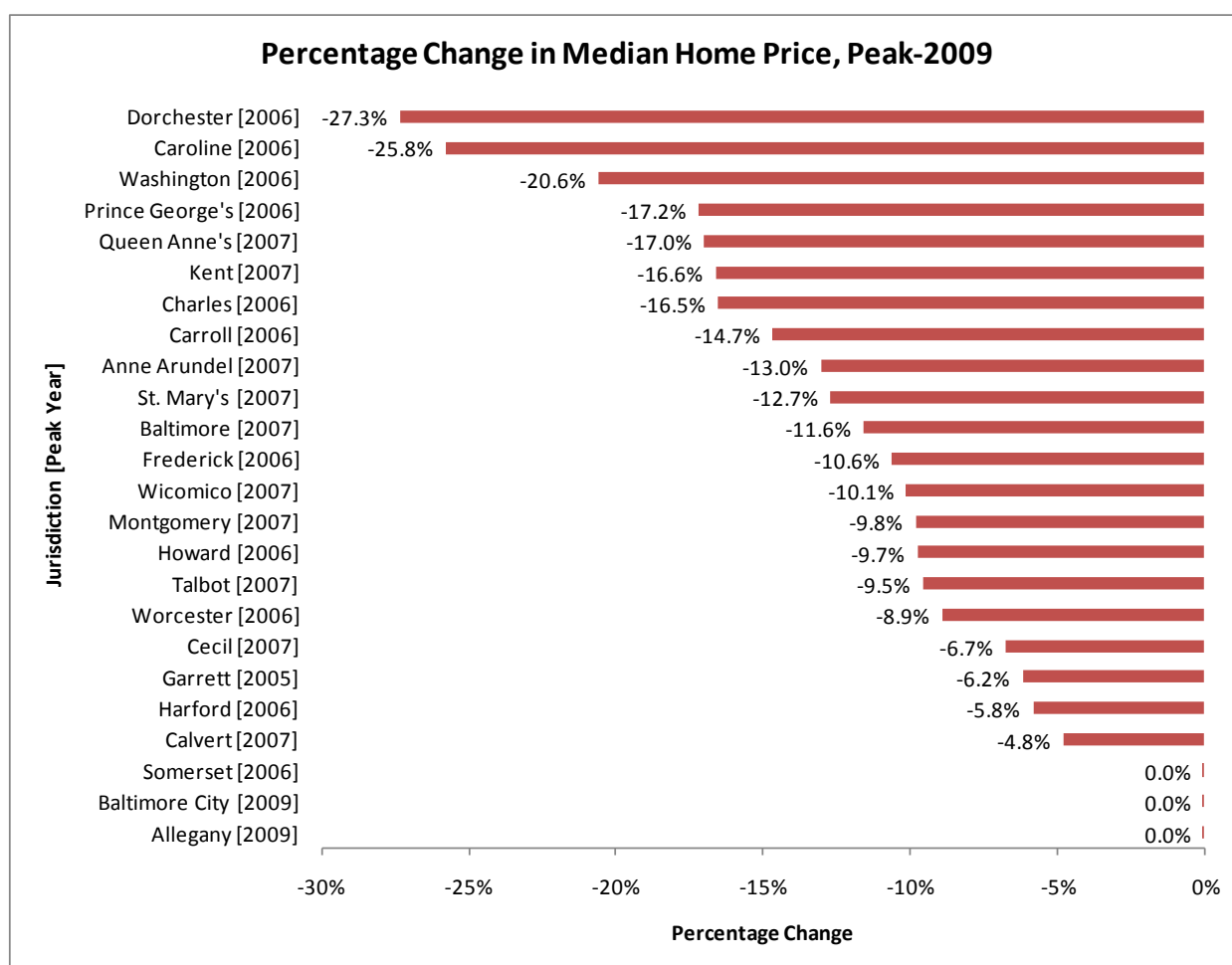
Downward stickiness is the most likely explanation for the lesser decrease in housing unit prices since 2005 as compared to sales volume decreases. While housing sales in Maryland decreased by 64.8 percent from 2005 to 2009, median home prices decreased only 11.0 percent in the same period, from \$282,700 to \$275,000. Moreover, median home prices continued to increase from 2005 to a median price peak in 2007 (to \$309,000) even as home sales decreased. Even though home sales were 54.6 percent lower in 2009 than in 2002, median home prices were still 54.5 percent higher.



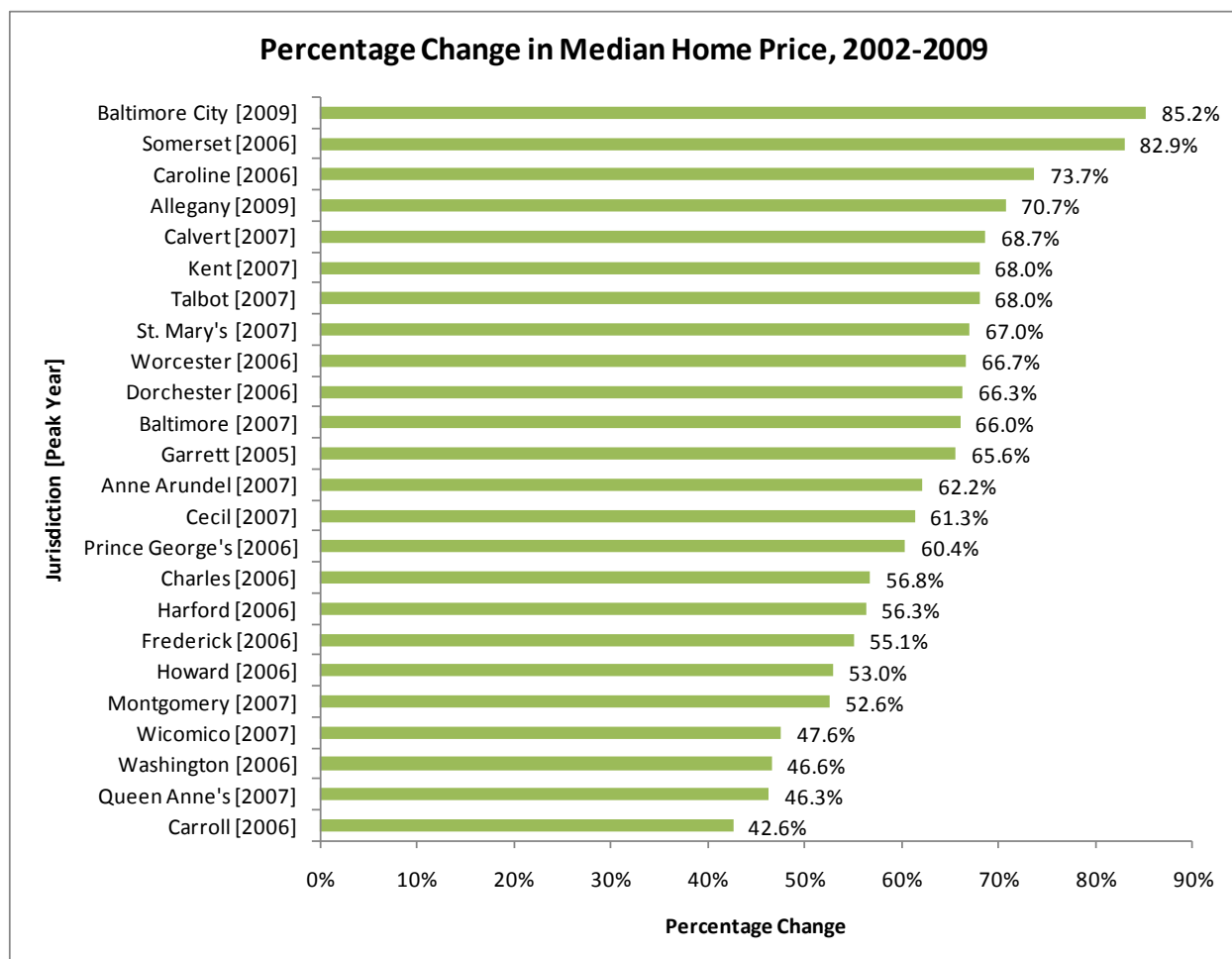
<sup>4</sup> [http://www2.standardandpoors.com/spf/pdf/index/062408\\_Downward\\_Stickiness.pdf](http://www2.standardandpoors.com/spf/pdf/index/062408_Downward_Stickiness.pdf)

## Most Jurisdictions Retain Majority of Past Price Increases

Like the state as a whole, Maryland's jurisdictions saw large increases in median housing unit prices from 2002 to 2007, and most have seen low to moderate decreases in price since that time. Contrary to most of the State, prices in two jurisdictions (Baltimore City and Allegany County) continued to increase in 2009, while staying stagnant in a third (Somerset). Half of all jurisdictions, though, have seen double-digit price declines, the largest being in Dorchester County, which saw a 27.3 percent decline in median home price from its 2006 sales peak.



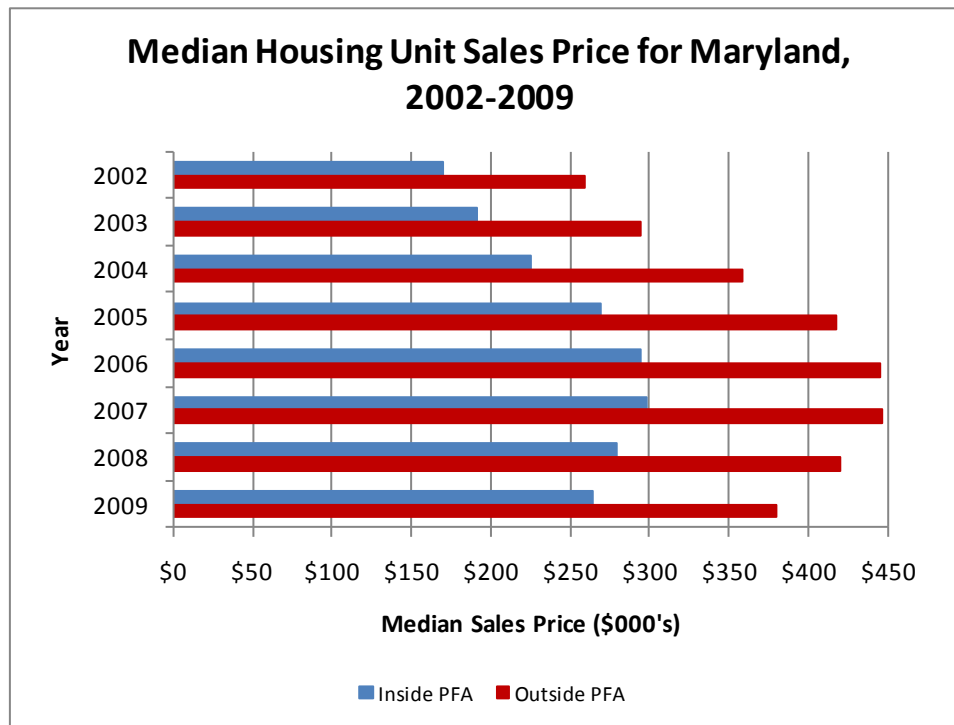
Overall, Baltimore City has seen the greatest amount of price appreciation from 2002 to 2009 (85.2%), as the median home price in the City has still not peaked and shows small but steady increases each year. While Caroline County has seen the second-largest decrease in median home price from its price peak in 2006, the large overall price gain from 2002 to 2006 means that homes there are still priced 73.7 percent higher than they were in 2002.



### Inside and Outside PFAs

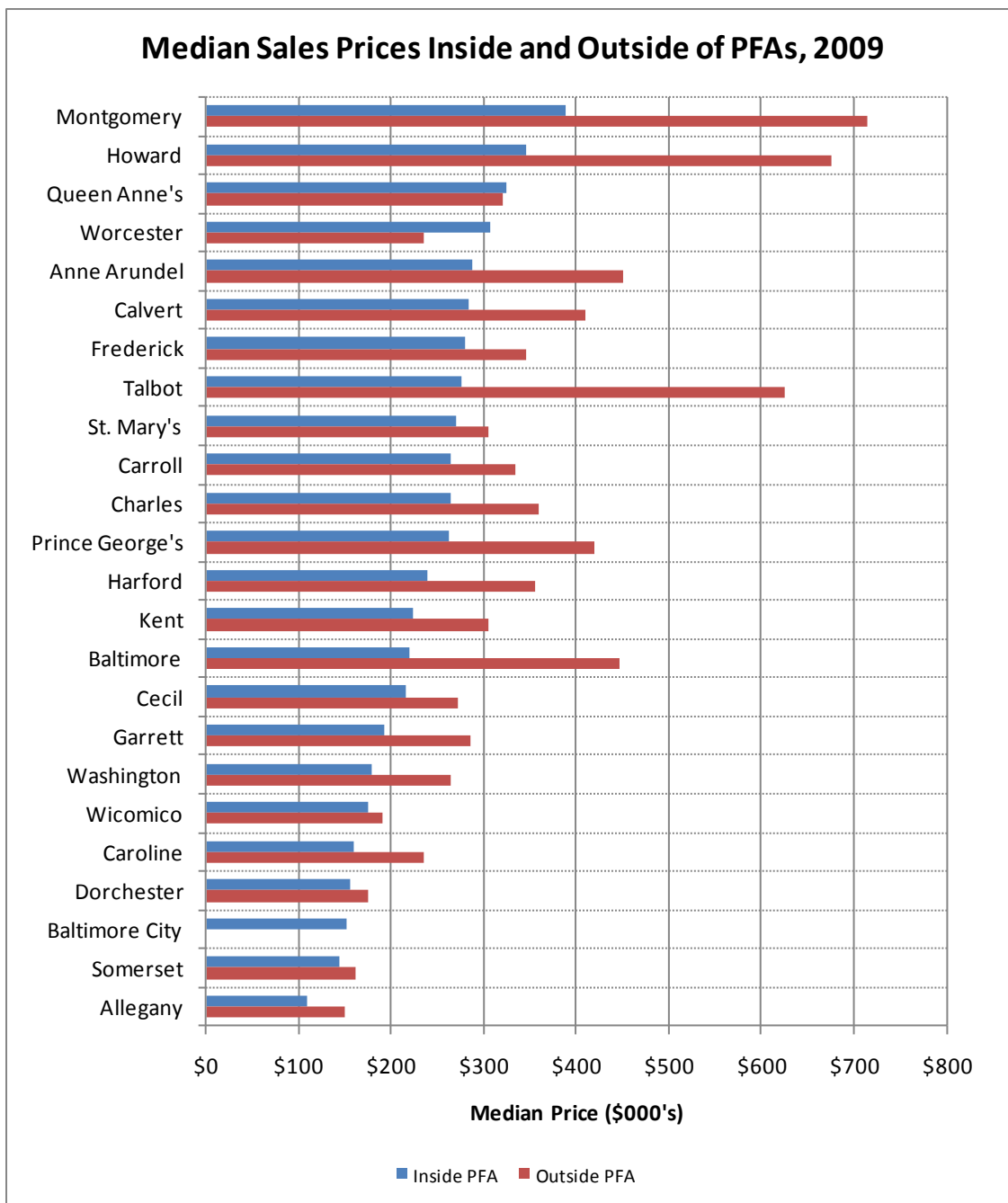
There are large differences in median sales prices for housing units sold inside versus those sold outside the State's Priority Funding Areas. These differences have increased over time. In 2002, the difference between statewide median sales prices inside and outside PFAs was \$89,900, and by 2006 that difference had increased to an even \$150,000. By 2009 the difference had narrowed to \$115,000. In addition, the ratio of "inside" to "outside" median home prices lessened, as the median price of housing units inside PFAs was 65.4 percent of those outside PFAs in 2002, but was 69.7 percent in 2008.<sup>5</sup> Overall, median home prices for homes inside the PFA decreased 11 percent from 2007 to 2009, while they decreased by 15 percent during the same time period outside the PFA.

<sup>5</sup> A ration of 1.0 would mean that the median house price for houses inside the PFA was equal to the median price outside the PFA. A ratio less than 1.0 means that the median price for houses inside the PFA is less than the median outside, and a ratio greater than 1.0 means that the median is higher for houses inside the PFA than outside.



Some jurisdictions in the state exhibited large median price differences between housing units inside and outside of PFAs. Of these, the largest differences were in jurisdictions with the highest median prices for housing units located outside PFAs. In 2009, Talbot County had the largest difference, with the median price of housing located inside its PFA being less than half (44.2%) that of housing outside its PFA. Baltimore (49.3%), Howard (51.2%) and Montgomery (54.3%), and also had significant differences between median housing unit prices inside and outside their respective PFAs.

Other jurisdictions exhibited little difference between home prices in and out of PFAs. In 2009, housing inside the PFAs in Queen Anne's and Worcester Counties was selling for more than housing outside PFAs. In Worcester County, this was related to the high cost of seaside condominium units in Ocean City. Other jurisdictions with similar median home prices in and out of their PFAs in 2009 were Wicomico County (92.1%) and Somerset County (89.5%).



There are many reasons for housing units located inside of PFAs to be less expensive than those located outside. Most likely, the price differential is due to the size of the housing units or the house lots that they are located on, but there is also likely to be a significant locational factor based on the desirability of certain areas for high-value housing.

### **Housing Affordability Improves**

The recent decrease in median sales prices has allowed slowly rising median incomes to reverse the trend of decreasing housing unit affordability that has affected Maryland since 2002. From 2004 to 2008, a median-income household would be considered “cost-burdened” if it purchased a median-

priced house in the State, while in 2009 home prices had decreased to the point where this was no longer true.<sup>6</sup> In 2002, a median-priced housing unit (costing \$178,000) in Maryland was affordable to a household having the median income of \$58,550, as it would be required to pay only 26.9% of its income toward housing costs (mortgage principle and interest, property taxes, insurance, and PMI).<sup>7</sup> By 2004, the median-price housing unit had become barely unaffordable to a median-income household, and by 2006 the median-income household would have to pay 39.3 percent of its income towards housing costs, meaning that the median-income household would be moderately cost-burdened under current housing affordability definitions. However, by 2009 median household income had increased to \$70,050, while median home price had decreased slightly to \$275,000, meaning that the median household would pay 29.8 percent of its income to purchase a median-priced housing unit, slightly under the “cost-burdened” threshold.

As there are large median housing unit price variations between jurisdictions, it would be expected that some jurisdictions have higher median cost burdens than others. However, as median incomes vary from jurisdiction to jurisdiction, it is difficult to generalize. For example, though Baltimore City has a low median housing unit price (\$151,860 in 2009) as compared to other jurisdictions, its low median household income of \$40,550 in 2009 means that a median-income household would be cost burdened as it would pay 34.1% of its income for housing costs. Conversely, though Montgomery County had a very high median household income of \$94,050 in 2009, it also has the highest median housing price (\$399,000), meaning that a median-income household would pay 30.8% of its income for housing costs, also making that household cost-burdened.

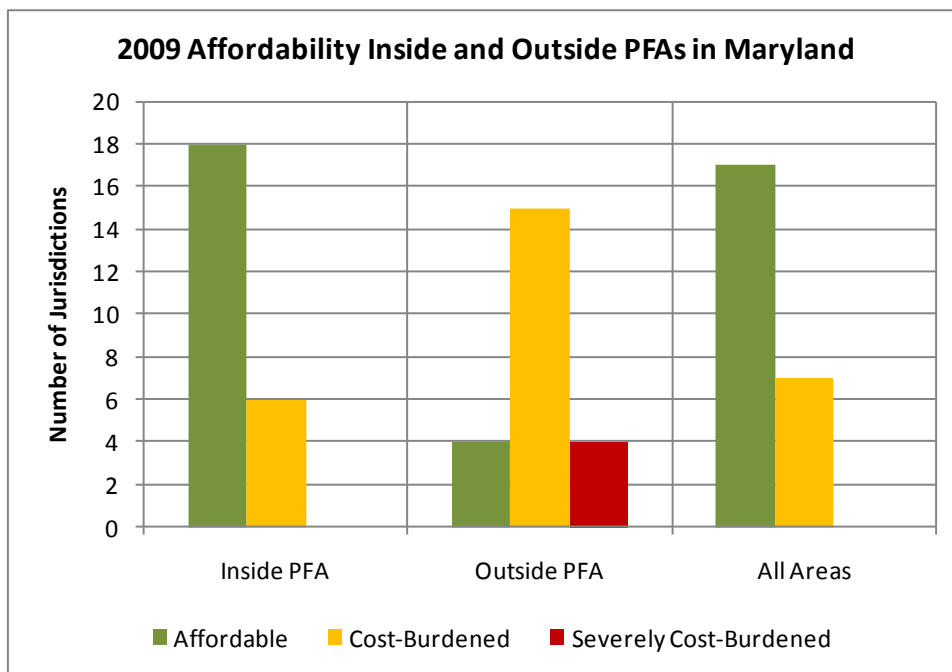
In 2009, however, prices had reduced and income had increased enough so that there were no jurisdictions that would be considered “severely” cost burdened. Previously, Garrett, Caroline and Talbot counties had been in this status. The most affordable jurisdiction in Maryland is Allegany, which is the only jurisdiction where a median-price home has consistently remained affordable for a median-income household. By 2009, however, 17 of Maryland’s 24 jurisdictions have become more affordable than they had been in the last five years due to price decreases and median income increases.

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<sup>6</sup> Households who pay more than 30% of their gross income for housing are assumed to be moderately cost burdened, and those paying more than 50% are assumed to be severely cost-burdened. See <http://www.huduser.org/publications/affhsg/worstcase/appendixb.html> for definitions of “moderate” and “severe” cost burdens.

<sup>7</sup> Monthly housing costs are calculated under the assumption that a household purchasing a home would put down a 10 percent downpayment, finance the home for 30 years with a fixed-rate mortgage at that year’s average effective mortgage percentage rate according to Freddie Mac (<http://www.freddiemac.com/pmms/pmms30.htm>), and would pay the property tax rate for that year and jurisdiction. Jurisdiction tax rates were calculated assuming that a property would be located in an unincorporated area. Properties located in incorporated municipalities could have higher taxes and therefore could be less affordable. In addition, a yearly fee of 0.5 percent of the value of the home was added to cover property insurance and \$50 per month was added to cover the assumed private mortgage insurance (PMI) that would be needed for a downpayment less than 20 percent of value. Different downpayment amounts, interest rates and property tax rates would affect the calculation.

Housing units located inside PFAs have lower median sales prices, and therefore are somewhat more affordable to a median-income household. While the median-price home (as measured statewide) became affordable for a median-income household in 2009, that household would pay 28.8 percent of its income inside a PFA vs. 40.9 percent outside. Only six jurisdictions (Worcester, Talbot, Queen Anne's, Kent, Montgomery, and Baltimore City) failed to achieve affordability for median household incomes within their PFAs in 2009. No jurisdictions place a severe cost burden on a median-income household for homes located inside the PFA.



Houses located outside of PFAs, however, are almost universally unaffordable to a household making a median income. Statewide, a median income household would need to spend 40.9 percent of its income in 2009 to pay for a median-price home outside the PFA, which is a higher percentage of income spent on housing than for any median-priced unit inside any Jurisdiction's PFAs in the State save Worcester County. In 2009, four of the 23 counties in Maryland had housing costs outside the PFA that exceed 50 percent of the median income for persons residing in that jurisdiction, and all but four had costs that exceed 30 percent. The exceptions were Allegany, St. Mary's, Dorchester and Wicomico Counties. But for the rest of Maryland, housing units outside the PFA are almost universally unaffordable to households making the median jurisdiction incomes or less.

For more information, contact James Palma at [jpalma@mdp.state.md.us](mailto:jpalma@mdp.state.md.us).

| REGION                     | Percentage of Median Income Required to Purchase a Median-Priced Home |              |              |              |              |              |              |              |
|----------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                            | 2002  | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         |
| <b>MARYLAND</b>            | <b>26.6%</b>  | <b>28.0%</b> | <b>31.6%</b> | <b>36.3%</b> | <b>39.3%</b> | <b>38.3%</b> | <b>34.3%</b> | <b>29.8%</b> |
| <b>BALTIMORE</b>           | <b>26.2%</b>  | <b>27.4%</b> | <b>29.7%</b> | <b>32.6%</b> | <b>35.7%</b> | <b>34.7%</b> | <b>31.7%</b> | <b>29.3%</b> |
| Anne Arundel County        | 23.1%   | 25.3%        | 28.6%        | 33.1%        | 35.6%        | 34.7%        | 31.1%        | 27.3%        |
| Baltimore County           | 22.1%   | 23.8%        | 25.9%        | 31.8%        | 35.9%        | 34.7%        | 31.8%        | 27.9%        |
| Carroll County             | 26.3%   | 27.4%        | 30.8%        | 36.4%        | 38.8%        | 36.1%        | 30.9%        | 28.1%        |
| Harford County             | 22.6%   | 23.6%        | 26.9%        | 29.4%        | 31.6%        | 29.7%        | 27.5%        | 25.8%        |
| Howard County              | 25.3%   | 26.3%        | 30.1%        | 35.4%        | 36.5%        | 34.4%        | 32.4%        | 27.5%        |
| Baltimore City             | 26.6%   | 27.4%        | 27.1%        | 27.8%        | 34.7%        | 39.0%        | 36.9%        | 34.1%        |
| <b>WASHINGTON SUBURBAN</b> | <b>25.6%</b>  | <b>27.2%</b> | <b>29.5%</b> | <b>34.6%</b> | <b>36.8%</b> | <b>36.2%</b> | <b>33.0%</b> | <b>30.9%</b> |
| Frederick County           | 24.3%   | 24.8%        | 29.1%        | 34.5%        | 35.3%        | 33.6%        | 29.0%        | 27.5%        |
| Montgomery County          | 28.1%   | 30.2%        | 34.3%        | 38.6%        | 40.6%        | 39.5%        | 34.9%        | 30.8%        |
| Prince George's County     | 24.1%   | 25.0%        | 27.7%        | 34.4%        | 40.9%        | 39.2%        | 36.6%        | 29.1%        |
| <b>SOUTHERN MARYLAND</b>   | <b>23.3%</b>  | <b>24.3%</b> | <b>28.4%</b> | <b>34.1%</b> | <b>36.9%</b> | <b>35.5%</b> | <b>32.1%</b> | <b>26.1%</b> |
| Calvert County             | 22.3%   | 23.8%        | 26.3%        | 32.1%        | 32.8%        | 31.4%        | 28.3%        | 27.4%        |
| Charles County             | 23.2%   | 24.5%        | 28.6%        | 34.6%        | 38.0%        | 36.6%        | 34.0%        | 25.5%        |
| St. Mary's County          | 25.1%   | 25.9%        | 30.1%        | 36.9%        | 40.8%        | 40.8%        | 36.4%        | 26.6%        |
| <b>WESTERN MARYLAND</b>    | <b>26.4%</b>  | <b>27.6%</b> | <b>32.6%</b> | <b>38.3%</b> | <b>38.2%</b> | <b>35.5%</b> | <b>30.7%</b> | <b>26.2%</b> |
| Allegany County            | 17.9%   | 16.9%        | 17.0%        | 19.3%        | 20.8%        | 23.4%        | 22.9%        | 22.0%        |
| Garrett County             | 36.8%   | 38.6%        | 46.5%        | 54.5%        | 50.5%        | 51.3%        | 44.3%        | 35.7%        |
| Washington County          | 25.7%   | 27.6%        | 32.3%        | 39.5%        | 41.6%        | 38.4%        | 33.8%        | 27.7%        |
| <b>UPPER EASTERN SHORE</b> | <b>27.6%</b>  | <b>28.9%</b> | <b>33.4%</b> | <b>37.5%</b> | <b>41.2%</b> | <b>38.6%</b> | <b>33.8%</b> | <b>30.3%</b> |
| Caroline County            | 25.3%   | 26.2%        | 29.6%        | 36.7%        | 50.9%        | 43.5%        | 36.0%        | 26.8%        |
| Cecil County               | 24.8%   | 26.6%        | 30.0%        | 33.7%        | 36.6%        | 35.2%        | 32.5%        | 28.5%        |
| Kent County                | 28.9%   | 29.7%        | 34.1%        | 41.9%        | 47.0%        | 46.3%        | 38.6%        | 38.4%        |
| Queen Anne's County        | 30.3%   | 30.0%        | 34.8%        | 39.0%        | 42.9%        | 41.6%        | 34.1%        | 31.5%        |
| Talbot County              | 32.7%   | 38.2%        | 40.4%        | 47.4%        | 50.4%        | 49.7%        | 42.3%        | 36.3%        |
| <b>LOWER EASTERN SHORE</b> | <b>31.8%</b>  | <b>33.3%</b> | <b>36.3%</b> | <b>42.0%</b> | <b>42.4%</b> | <b>41.0%</b> | <b>36.8%</b> | <b>32.7%</b> |
| Dorchester County          | 23.0%   | 26.6%        | 30.7%        | 39.2%        | 46.4%        | 41.9%        | 41.3%        | 26.1%        |
| Somerset County            | 23.4%   | 22.3%        | 25.2%        | 32.5%        | 38.7%        | 36.8%        | 32.7%        | 28.4%        |
| Wicomico County            | 25.6%   | 26.6%        | 29.1%        | 32.3%        | 35.6%        | 35.1%        | 31.7%        | 25.1%        |
| Worcester County           | 34.5%   | 39.1%        | 43.2%        | 50.4%        | 52.7%        | 48.4%        | 41.5%        | 40.2%        |

| REGION                     | Percentage of Median Income Required to Purchase a Median-<br>Priced Home <b>Inside Priority Funding Areas</b> |              |              |              |              |              |              |              |
|----------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
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| <b>BALTIMORE</b>           | <b>24.6%</b>   | <b>25.9%</b> | <b>27.6%</b> | <b>30.8%</b> | <b>33.9%</b> | <b>33.4%</b> | <b>30.1%</b> | <b>28.2%</b> |
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| Carroll County             | 25.0%  | 24.9%        | 27.4%        | 32.6%        | 35.8%        | 33.7%        | 27.9%        | 25.8%        |
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| Howard County              | 23.6%  | 25.1%        | 28.3%        | 33.6%        | 35.2%        | 33.1%        | 31.0%        | 26.4%        |
| Baltimore City             | 26.6%  | 27.4%        | 27.1%        | 27.8%        | 34.7%        | 39.0%        | 36.9%        | 34.1%        |
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| Frederick County           | 23.2%  | 23.7%        | 28.1%        | 33.2%        | 34.3%        | 32.6%        | 28.0%        | 26.2%        |
| Montgomery County          | 27.3%  | 29.2%        | 33.4%        | 37.5%        | 39.4%        | 38.6%        | 33.9%        | 30.0%        |
| Prince George's County     | 23.7%  | 24.8%        | 27.1%        | 33.9%        | 40.4%        | 38.8%        | 35.4%        | 28.1%        |
| <b>SOUTHERN MARYLAND</b>   | <b>21.6%</b>   | <b>22.4%</b> | <b>25.7%</b> | <b>31.4%</b> | <b>34.8%</b> | <b>33.4%</b> | <b>30.0%</b> | <b>24.2%</b> |
| Calvert County             | 19.4%  | 19.6%        | 22.9%        | 28.0%        | 29.5%        | 27.9%        | 25.4%        | 24.4%        |
| Charles County             | 21.5%  | 22.8%        | 26.6%        | 32.2%        | 35.6%        | 34.3%        | 31.1%        | 23.5%        |
| St. Mary's County          | 23.3%  | 24.0%        | 26.8%        | 33.7%        | 38.8%        | 38.2%        | 34.0%        | 25.7%        |
| <b>WESTERN MARYLAND</b>    | <b>25.3%</b>   | <b>26.0%</b> | <b>30.0%</b> | <b>35.6%</b> | <b>36.0%</b> | <b>33.0%</b> | <b>28.5%</b> | <b>24.2%</b> |
| Allegany County            | 17.7%  | 16.9%        | 17.0%        | 19.0%        | 20.5%        | 23.4%        | 22.5%        | 22.0%        |
| Garrett County             | 30.0%  | 26.6%        | 25.2%        | 42.9%        | 35.3%        | 39.8%        | 33.7%        | 29.4%        |
| Washington County          | 24.7%  | 26.2%        | 30.6%        | 37.5%        | 39.9%        | 37.0%        | 31.9%        | 25.9%        |
| <b>UPPER EASTERN SHORE</b> | <b>25.3%</b>   | <b>25.8%</b> | <b>29.8%</b> | <b>33.6%</b> | <b>38.0%</b> | <b>35.4%</b> | <b>30.8%</b> | <b>28.3%</b> |
| Caroline County            | 21.8%  | 22.8%        | 27.2%        | 34.3%        | 52.7%        | 36.6%        | 31.7%        | 21.5%        |
| Cecil County               | 21.9%  | 22.7%        | 25.8%        | 28.8%        | 30.9%        | 32.6%        | 29.1%        | 25.5%        |
| Kent County                | 25.1%  | 27.9%        | 31.5%        | 39.2%        | 41.6%        | 43.9%        | 37.7%        | 36.8%        |
| Queen Anne's County        | 29.0%  | 29.4%        | 33.4%        | 36.8%        | 40.8%        | 39.8%        | 33.7%        | 31.9%        |
| Talbot County              | 29.7%  | 34.3%        | 37.1%        | 43.2%        | 44.3%        | 45.6%        | 37.0%        | 31.4%        |
| <b>LOWER EASTERN SHORE</b> | <b>32.4%</b>   | <b>34.1%</b> | <b>37.8%</b> | <b>42.9%</b> | <b>42.5%</b> | <b>41.5%</b> | <b>37.2%</b> | <b>33.4%</b> |
| Dorchester County          | 20.8%  | 22.3%        | 28.2%        | 38.5%        | 44.9%        | 41.9%        | 40.2%        | 25.7%        |
| Somerset County            | 20.5%  | 21.2%        | 22.3%        | 30.4%        | 35.0%        | 33.7%        | 31.9%        | 27.5%        |
| Wicomico County            | 25.2%  | 26.4%        | 28.8%        | 31.7%        | 35.4%        | 34.1%        | 31.4%        | 25.0%        |
| Worcester County           | 35.4%  | 40.0%        | 44.0%        | 50.6%        | 52.8%        | 48.4%        | 41.5%        | 41.2%        |

| REGION                     | Percentage of Median Income Required to Purchase a Median-Priced Home <b>Outside Priority Funding Areas</b> |              |              |              |              |              |              |              |
|----------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                            | 2002  | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         |
| <b>MARYLAND</b>            | <b>38.4%</b>  | <b>40.8%</b> | <b>47.2%</b> | <b>53.3%</b> | <b>57.0%</b> | <b>54.9%</b> | <b>48.9%</b> | <b>40.9%</b> |
| <b>BALTIMORE</b>           | <b>49.4%</b>  | <b>51.7%</b> | <b>58.5%</b> | <b>65.3%</b> | <b>66.6%</b> | <b>64.7%</b> | <b>56.5%</b> | <b>48.3%</b> |
| Anne Arundel County        | 41.1%   | 43.4%        | 46.8%        | 53.7%        | 57.1%        | 56.1%        | 46.9%        | 40.7%        |
| Baltimore County           | 52.7%   | 56.0%        | 61.2%        | 72.7%        | 74.2%        | 74.3%        | 63.1%        | 53.8%        |
| Carroll County             | 30.9%   | 33.4%        | 38.8%        | 44.2%        | 45.0%        | 41.5%        | 35.9%        | 32.4%        |
| Harford County             | 34.2%   | 35.2%        | 43.5%        | 42.9%        | 44.5%        | 44.0%        | 41.6%        | 35.6%        |
| Howard County              | 53.1%   | 56.9%        | 58.2%        | 64.8%        | 70.1%        | 63.4%        | 60.3%        | 50.9%        |
| Baltimore City             |   |              |              |              |              |              |              |              |
| <b>WASHINGTON SUBURBAN</b> | <b>43.2%</b>  | <b>45.2%</b> | <b>48.7%</b> | <b>53.4%</b> | <b>58.9%</b> | <b>55.3%</b> | <b>49.9%</b> | <b>41.5%</b> |
| Frederick County           | 32.9%   | 33.7%        | 37.9%        | 45.3%        | 44.7%        | 41.0%        | 33.1%        | 32.1%        |
| Montgomery County          | 58.2%   | 62.8%        | 69.2%        | 77.5%        | 80.8%        | 75.7%        | 69.1%        | 54.8%        |
| Prince George's County     | 36.3%   | 39.5%        | 49.0%        | 54.9%        | 67.6%        | 59.4%        | 55.2%        | 44.4%        |
| <b>SOUTHERN MARYLAND</b>   | <b>29.5%</b>  | <b>30.9%</b> | <b>35.5%</b> | <b>42.7%</b> | <b>46.5%</b> | <b>44.3%</b> | <b>39.4%</b> | <b>31.7%</b> |
| Calvert County             | 30.8%   | 31.5%        | 37.1%        | 41.8%        | 44.8%        | 41.2%        | 37.5%        | 34.9%        |
| Charles County             | 30.7%   | 32.4%        | 37.9%        | 45.7%        | 50.7%        | 49.7%        | 43.3%        | 31.7%        |
| St. Mary's County          | 26.8%   | 28.6%        | 33.7%        | 41.0%        | 43.8%        | 44.5%        | 39.4%        | 28.9%        |
| <b>WESTERN MARYLAND</b>    | <b>36.1%</b>  | <b>40.0%</b> | <b>49.4%</b> | <b>59.0%</b> | <b>56.2%</b> | <b>51.8%</b> | <b>44.8%</b> | <b>38.2%</b> |
| Allegany County            | 22.8%   | 21.1%        | 19.4%        | 23.4%        | 31.6%        | 29.9%        | 27.8%        | 29.4%        |
| Garrett County             | 42.0%   | 48.0%        | 61.3%        | 64.6%        | 61.6%        | 63.7%        | 54.0%        | 42.8%        |
| Washington County          | 35.2%   | 39.8%        | 46.6%        | 57.0%        | 58.0%        | 52.9%        | 45.0%        | 37.6%        |
| <b>UPPER EASTERN SHORE</b> | <b>30.9%</b>  | <b>34.6%</b> | <b>38.4%</b> | <b>43.1%</b> | <b>47.8%</b> | <b>45.5%</b> | <b>40.3%</b> | <b>34.2%</b> |
| Caroline County            | 30.1%   | 29.1%        | 34.9%        | 43.4%        | 47.1%        | 52.2%        | 43.7%        | 31.1%        |
| Cecil County               | 28.7%   | 32.4%        | 36.4%        | 40.2%        | 42.4%        | 40.5%        | 39.2%        | 31.8%        |
| Kent County                | 49.7%   | 41.3%        | 47.9%        | 55.1%        | 70.7%        | 53.6%        | 56.2%        | 49.9%        |
| Queen Anne's County        | 32.4%   | 32.2%        | 39.5%        | 44.0%        | 50.7%        | 46.7%        | 36.4%        | 31.4%        |
| Talbot County              | 58.0%   | 63.7%        | 66.1%        | 72.5%        | 81.9%        | 79.7%        | 74.5%        | 69.9%        |
| <b>LOWER EASTERN SHORE</b> | <b>26.9%</b>  | <b>28.0%</b> | <b>30.7%</b> | <b>35.1%</b> | <b>39.1%</b> | <b>37.6%</b> | <b>34.5%</b> | <b>27.8%</b> |
| Dorchester County          | 29.3%   | 31.2%        | 34.6%        | 41.1%        | 49.4%        | 43.0%        | 43.7%        | 28.7%        |
| Somerset County            | 29.7%   | 27.3%        | 36.0%        | 37.1%        | 48.6%        | 41.0%        | 37.5%        | 30.6%        |
| Wicomico County            | 27.1%   | 28.3%        | 30.9%        | 35.4%        | 37.7%        | 39.0%        | 35.2%        | 27.1%        |
| Worcester County           | 25.3%   | 27.0%        | 28.5%        | 40.4%        | 43.0%        | 49.4%        | 33.8%        | 31.9%        |